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Department of Defense
DIRECTIVE

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December 1, 1988
NUMBER 5124.3

ASD(FM&P)

SUBJECT: Armed Forces Tax Council

- References: (a) Assistant Secretary of Defense (Comptroller) (ASD(C)) Memorandum, "Armed Forces Individual Income Tax Council," October 22, 1951 (hereby canceled)
- (b) DoD 5025.1-M, "Department of Defense Directives System Procedures," April 1981, authorized by DoD Directive 5025.1, October 16, 1980

A. PURPOSE

1. This Directive replaces reference (a) and sets forth the membership, organization, and responsibilities of the Armed Forces Tax Council.
2. The Armed Forces Tax Council coordinates matters affecting Federal, State, local, and foreign tax liabilities of members of the Armed Forces and the related obligations of the Military Departments as employers. The term tax liabilities includes employment tax liabilities.

B. APPLICABILITY

This Directive applies to the Office of the Secretary of Defense (OSD), the Military Departments, and the Defense Agencies (hereafter referred to collectively as "DoD Components").

C. ORGANIZATION

1. The Council shall be composed of three members and one chair from the OSD and one member each from the Army, Navy, Air Force, and Marine Corps.
2. The chair shall be designated by the Assistant Secretary of Defense (Force Management and Personnel) (ASD(FM&P)). Other members from the OSD shall be designated by the Assistant Secretary of Defense (Reserve Affairs) (ASD(RA)), the Comptroller of the Department of Defense (C, DoD), and the General Counsel of the Department of Defense (GC, DoD). Representatives from the Military Services shall be designated by the Secretary of the Military Department concerned.

D. RESPONSIBILITIES

1. The Assistant Secretary of Defense (Force Management and Personnel) (ASD(FM&P)), as the Secretary of Defense designee for military tax matters, shall be responsible for policy guidance and supervision of the Armed Forces Tax Council.

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2. The Assistant Secretary of Defense (Reserve Affairs) (ASD(RA)), as the Secretary of Defense designee for National Guard and Reserve policy, shall be responsible for reviewing council matters for their impact on the Reserve components.

3. The Comptroller, Department of Defense (C, DoD), as the Secretary of Defense designee for payroll matters, shall be responsible for reviewing Council matters for their impact on fund control and payroll administration.

4. The General Counsel, Department of Defense (GC, DoD), as the Secretary of Defense designee for legal matters, shall be responsible for reviewing the legal aspects of Council matters.

5. The following applies to the Council:

a. The Council shall coordinate all tax matters affecting the military including:

(1) Current and proposed DoD publications authorized pursuant to DoD 5025.1-M (reference (b)) and Military Department regulations.

(2) Requests for rulings and comments on regulations from the Department of Defense to the Treasury Department, the Internal Revenue Service, and State taxation authorities.

(3) Legislative proposals that affect the Federal and State tax obligations of members of the Armed Forces and related obligations of the Military Departments.

(4) Requests for interpretations of tax laws, regulations, and rulings requested by DoD offices and Agencies.

(5) Advice on matters related to tax policy as it affects members of the Armed Forces.

(6) Liaison with Federal, State, and local tax authorities by DoD representatives.

b. Subject to ASD(FM&P) policy guidance and supervision, final Council action on matters identified in subparagraphs D.5.a.(1) through (5), above, shall require concurrence from a majority of the Departments represented and a majority of representatives from the OSD.

c. The Council may establish advisory groups to coordinate military tax matters in specific areas of Council responsibility. Advisory groups shall include one member from the OSD appointed by the chair of the Council and one member from each Military Service appointed by the Council member representing that Service.

6. Council Members shall:

a. Ensure coordination of Council matters within the offices they represent.

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b. Recommend to the Council appropriate action in all matters pertaining to military tax matters.

c. Perform duties on behalf of the Council as may be assigned by the chair.

7. The chair is responsible for the execution of Council actions and shall function as the principal advisor on all Council matters. In addition, the chair shall:

a. Act independently on behalf of the Council on preliminary, routine, or minor Council matters not requiring concurrence from a majority, as indicated in paragraph D.5.b., above.

b. Ensure coordination of military tax matters with agencies and offices external to the Department of Defense.

c. Coordinate and assign responsibilities for specific Council matters among Council members.

d. Perform other functions established by a majority of the Council.

E. RELATIONSHIPS

1. The Council shall operate under the policy guidance of the ASD(FM&P). Questions of law shall be submitted to the GC, DoD, or other appropriate authority for resolution.

2. In areas of mutual interest or responsibility, representatives of other DoD Components, executive departments, and governmental agencies may be invited by the chair to participate in Council activities.

F. ADMINISTRATION

The Council shall meet at the call of the chair. Secretarial and clerical assistance shall be furnished by the ASD(FM&P). Members of the Council shall be advised promptly of all actions taken on behalf of the Council. A report of Council action shall be submitted to the ASD(FM&P); ASD(RA); C, DoD; GC, DoD; and each Service Secretary at least annually.

G. EFFECTIVE DATE

This Directive is effective immediately.

William H. Taft, IV
William H. Taft, IV
Deputy Secretary of Defense

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